**IN THE SPECIFICATION**

Please replace the Description of the Preferred Embodiments (Page 7, line 6 to page 14, line 7) with the following rewritten Description of the Preferred Embodiments

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**--DESCRIPTION OF THE PREFERRED EMBODIMENTS**

Reference will now be made in detail to the preferred embodiments of the present invention, examples of which are illustrated in the accompanying drawings. The present invention described below extends the functionality of the inventive method for setting up a multi-level business alliance.

The present invention relates to a method for creating a multi-level business alliance ~~in non-exclusive geography areas~~. In this invention, alliance members in the same and different geographical areas share resources and they generally share revenue based on a predefined formula and based on each member's position in the multi-level alliance structure. For example, in one embodiment of the invention, if a first alliance member is capable of providing a service to a second member's client, the second member may refer the client to the first member for the service. The second member may retain the client for all other services and based on the second member's geographic location and/or its position in the multi-level alliance structure, the second member may receive a portion of the revenue paid by the client to the first member. The second member may refer the client to the first member for any reason. For example, the second member may not be able to provide the service required or the second member may not have sufficient personnel to service the client at a particular time. It should be obvious to those skilled in the art that alliance members may provide the same services and ~~compliment~~ complement each other by providing more resources to perform these services.

In another embodiment of the invention, revenue may be shared between members in all levels of the multi-level alliance structure. For example, if a member in a first level of the

alliance structure performs a service for a client of a member in a second level of the alliance structure, the member in the first level pays the member in the second level a referral fee, such as twenty-percent of the revenue received. If the member in the first level of the alliance structure performs a service for a client of a member in a third level of the alliance structure, the member in the first level pays a referral fee to the member in the third level and the member in the second level that introduced the third level member to the alliance. For example, the member in the first level may pay a fifteen-percent referral fee to the member in the third level and a five-percent referral fee to the member in the second level.

The multi-level business alliance thus enables multiple firms to work together and form long-term relationships and provide a broader range of services to each other's clients while remaining independent of each other. Moreover, it enables smaller alliance members to have access to the resources of larger members.

In a preferred embodiment of the invention, to become an alliance member a firm must provide a service that adds value to ~~all current~~ <u>the</u> alliance <u>program</u> ~~members~~. Once a firm becomes an alliance member, the firm is given an opportunity to access the resources of other alliance members. Revenue is shared between alliance firms based on their level in the multi-level alliance structure. <u>As is apparent to one skilled in the art however, other embodiments of the invention could prohibit alliance member firms from sharing resources with each other and still be within the scope of the inventive system. Moreover, as is apparent to one skilled in the art, other embodiments of the invention may not have revenue sharing between alliance member firms.</u>

Preferably, alliance members may be financial services firms; but they also could be firms from outside the financial services industry. For example, accounting firms may form an alliance to share tax services and other resources with each other. Additionally, information

technology firms may form another alliance and they also may share resources with each other and with the alliance of accounting firms. Therefore, it should be obvious to those skilled in the art that firms in different industries may form different alliances to share resources with each other and with firms in other alliances.

Fig. 1 illustrates a preferred structure of a multi-level alliance. The multi-level alliance of Fig. 1 includes a founding firm 102, a group of foundation firms 104, a group of second level firms 106, and a group of third level firms 108. Founding firm 102 forms the alliance, may establish rules for implementing the alliance, and may use ~~uses~~ predetermined rules to assign other firms in the alliance to different revenue-sharing levels in the multi-level structure.

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For example, founding firm 102 may implement a program that allows foundation firms 104, second level firms 106 and third level firms 108 to access the resources of founding firm 102 at predefined standard rates. In another example, founding firm 102 may implement a program that requires each member in the other levels of the alliance to refer business to founding firm 102 on a predetermined basis. In yet another example, founding firm 102 may implement a program that requires each member firm in other levels of the alliance to pay an annual fee based on a percentage of the member firm's billing. In another example, founding firm 102 may require that each new alliance member pay an initiation fee and/or an annual fee.

Further examples of rules for implementing the alliance include the following. Prior to joining the alliance, founding firm 102 may require each alliance member to enter into a binding contract. Member firms may be allowed to use founding firm's logo or another predefined logo. In another embodiment of the invention, alliance members may be required to join certain professional organizations. Alliance members also may be required to attend predefined professional and/or educational meetings. As is apparent to one skilled in the art, founding firm 102 may establish other criteria for participation in professional organizations and membership

meetings. Founding firm 102 may also establish criteria for enabling firms in certain professions, industry groups, or specialists to join an alliance of firms in other professions, industry groups, or specialists. For example, if an accounting firm wants to join an alliance of non-accounting firms, founding firm 102 may require the accounting firm to join an alliance of accounting firm prior to joining the alliance of non-accounting firms.

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Specifically in the invention, to create an alliance, founding firm 102 creates an alliance with one or more foundation firms 104. Preferably, each of the foundation firms 104A-104C is a firm that is not in the same geographical area as founding firm 102. However each foundation firm 104A-104C may be ~~or it is~~ a firm of a predetermined size in the same geographical area as founding firm 102. For example, foundation firm 104A-104C, that are in same geographical area as founding firm 102, may be required to have revenue of a predefined amount, for example, ten million dollars. It should be noted that the size of each foundation firm 104A-104C may vary from one geographical area to the next depending on the size of founding firm 102 in the same geographical area. Founding firm 102 may implement rules that allow ~~There may also be~~ multiple foundation firms 104A-104C in the same geographical area or founding firm 102 may implement rules that require geographical exclusivity for foundation firms 104 and/or other member firms. As would be obvious to one skilled in the art, other criteria may be used for determining a foundation firm.

Founding firm 102, and/or each foundation firm 104A-104C, may sign up second level firm 106A-106D. Each second level firm 106A-106D is generally smaller than the signing firm, i.e., the foundation firms 104A-104C or founding firm 102 that introduces the second level firm 106A-106D to the alliance. Thereafter, each second level firm 106A-106D may sign up a third level firm 108A-108D. Each third level firm 108A-108D is generally smaller than the signing second level firms 106A-106D, i.e., the second level firms 106A-106D that introduces the third

level firm 108A-108D to the alliance. Each signing firm is a parent firm for firms in lower levels of the alliance structure that were introduced by the signing firm. Thus, the foundation firm 104A is a parent of firms 106A and 108A and second level firm 106A is a parent of third level firm 108A. The founding firm 102, the foundation firms 104, the second level firms 106 and the third level firms 108 are all alliance members that may share resources based on predefined rules established by founding firm 102 or a third party. Alliance members may also share employees at predefined reduced rates.

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While it is preferred that a firm's level within a multi-level alliance is based on the firm's size and/or geographical location, it should be noted that other criteria may be used to determine firms' levels in the alliance. For example, if a second level firm 106A introduces a larger firm to the alliance, the larger firm may be classified as a second level firm by founding firm 102. However, when revenue is shared with the larger firm, the larger firm ~~is~~ may be classified as a third level firm, i.e., a child of second level firm 106A that introduced the larger firm to the alliance, but only as it relates to revenue-sharing with the 106A firm that introduced the larger firm to the alliance. Of course, an alliance may consist only of founding firm 102 and foundation firms 104.

In the preferred embodiment of the invention, the level of each firm only affects how revenue is shared in the multi-level alliance. Revenue sharing also is determined by the laws in each state or jurisdiction where there is an alliance member or by the type of service performed. For example, in some jurisdictions and for some professions revenue sharing is not allowed. Thus, alliance members in those jurisdictions do not share revenue but ~~are~~ may be compensated by other means that are allowable under the law. It should also be noted that revenue sharing among member firms may be prohibited by founding firm 102 or revenue sharing by member

firms may be defined by ~~established based on~~ any criteria defined by all or some of the alliance members and/or by a third party.

In the present invention, after founding firm 102 signs up each foundation firm 104A-104C, each foundation firm 104A-104C pays founding firm 102 a licensing fee. In another embodiment, however, foundation firms 104 may not pay licensing and/or annual fees. Thereafter, foundation firms 104A-104C and founding firm 102 share resources. Foundation firms 104A-104C and founding firm 102 also share revenue based on a predetermined formula. For example, if a foundation firm 104A refers one of its client to founding firm 102, founding firm 102 pays a percentage, such as twenty percent, of the revenue to foundation firm 104A for the referral.

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Based on a predetermined formula, a signing foundation firm 104A and founding firm 102 may share the licensing fees paid by second level firms introduced to the alliance by foundation firm 104A if foundation firm 104A meets certain criteria, such as assisting founding firm 102 with integrating the second level firm into the program. For example, if signing foundation firm 104A is a parent firm of second level firm 106A then foundation firm 104A may ~~evenly divide~~ share with founding firm 102, the licensing fees from the second level firms 106 introduced to the alliance by foundation firm 104A. Similarly based on a predetermined formula, second level firm 106A, foundation firm 104A that introduced the second level firm 106A to the alliance, and founding firm 102 share the licensing fees paid by third level firms 108 introduced to the alliance by the second level firm 106A.

In an embodiment of the inventive method, when alliance members, except for founding firm 102, refer clients to each other, the members may establish an acceptable referral fee agreement. For example, if a second level firm refers a client to foundation firm 104A, foundation firm 104A and the second level firm 106A may set up a referral fee agreement

between themselves. In another embodiment, when alliance members, except for founding firm 102, refer clients to each other, the members must pay a percentage of the referral to the founding firm and they may establish an acceptable referral arrangement for themselves.

However, when founding firm 102 gets a client from a second level firm's client, founding firm 102 ~~uses~~ may use a predetermined formula to split the referral fee between the second level firm 106 and the foundation firm 104 that introduced the second level firm to the alliance. For example, if founding firm 102 gets a client from second level firm 106A clients, and firm 106A is not participating in providing service to the client, founding firm 102 ~~keeps~~ may keep eighty percent of the revenue ~~and gives~~ give fifteen-percent to second level firm 106A and five-percent to foundation firm 104A. Similarly, when founding firm 102 performs a service for a third level firm's client, founding firm 102 ~~uses~~ may use a predetermined formula to split the referral fee between the third level firm 108, the second level firm 106 that introduced the third level firm to the alliance and the foundation firm 104 that ~~104~~ introduced the second firm to the alliance. For example, if founding firm 102 works for one of third level firm 108A clients, founding firm 102 ~~keeps~~ may keep eighty percent of the revenue, ~~gives~~ give fifteen percent to the third level firm 108A, two thirds of the remaining five percent to second level firm 106A and one third of the remaining five percent to foundation firm 104A.

In another embodiment, if founding firm 102 gets a client from a second level firm 106 ~~client~~ and ~~106~~ firm 106 also provides service to the client, the founding firm 102 and the second level firm 106 ~~simply~~ may share the revenue as a ~~simple~~ fee splitting arrangement based upon the amount of work performed by each. Foundation firm 104 would not receive any type of referral fee in this instance.

Fig. 2 illustrates the steps implemented in the inventive method for creating multi-level business alliances. In Step 2010, founding firm 102 creates an alliance with one or more

foundation firms 104. In Step 2020, each foundation firm 104A-104C pays founding firm 102 a licensing fee. In Step 2030, foundation firms 104A-104C and founding firm 102 share resources and they generally share revenue based on a predetermined formula. In Step 2040, founding firm 102 or each foundation firm 104A-104C may sign up a second level firm 106A-106D. In Step 2050, based on a predetermined formula, a signing foundation firm 104A and founding firm 102 share the licensing fees paid by second level firms introduced to the alliance by foundation firm 104A. In Step 2060, each second level firm 106A-106D may sign up a third level firm 108A-108D. In Step 2070 based on a predetermined formula, second level firm 106A, the parent foundation firm 104A that introduced the second level firm 106A <u>in the same geographic area</u> to the alliance, and founding firm 102 share the licensing fees paid by third level firms 108<u>, in the same geographic area,</u> introduced to the alliance by the second level firm 106A.

The foregoing description has been directed to specific embodiments of this invention. It will be apparent, however, that other variations and modifications may be made to the described embodiments, with the attainment of some or all of their advantages. Therefore, it is the object of the appended claims to cover all such variations and modifications as come within the true spirit and scope of the invention. --